

CITY OF LEOTI, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Leoti, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Leoti, Kansas, a municipal financial reporting entity, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by the City of Leoti, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Leoti, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Leoti, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and the schedule of regulatory basis receipts and expenditures-agency funds (Schedule 1 and 2, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures, (Schedule 2 as listed in the table of contents) upon which we rendered an unqualified opinion dated September 18, 2012, are also presented for comparative analysis and are not a required part of the 2012 financial statement. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management and Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the 2011 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

June 18, 2013

CITY OF LEOTI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

Year ended December 31, 2012

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
GENERAL FUND	\$ 256,772	\$ -
SPECIAL PURPOSE FUNDS:		
Ambulance and fire equipment	199,506	-
Special highway	117,222	-
Special parks and recreation	2,466	-
Nonbudgeted special purpose funds:		
Technology equipment reserve	83	-
Fire equipment reserve	1,064	-
Equipment reserve	422,485	-
Capital improvement fire department	3,335	-
Saturday cinema	-	-
Total special purpose funds	746,161	-
CAPITAL PROJECTS FUNDS:		
KLINK Project KA084801 Hwy 25	(600)	-
Capital improvement general	21,225	-
Total capital projects funds	20,625	-
BUSINESS FUNDS:		
Water operating	262,939	-
Sanitation operating	87,928	-
Sewer operating	189,078	-
Storm water operating	24,311	-
Nonbudgeted business funds:		
Water reserve	160,098	-
Water bond and interest	50,000	-
Sanitation reserve	107,863	-
Sewer reserve	90,000	-
Total business funds	972,217	-
Total financial reporting entity (excluding agency funds)	\$ 1,995,775	\$ -
Composition of cash balance:		
Cash on hand		
Petty cash account		
General checking account		
Money market account		
Certificates of deposit		
Total primary government		
Less agency funds		
Total cash		

The notes to the financial statement are an integral part of this statement.

STATEMENT 1

Cash receipts	Expenditures	Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending cash balance
<u>\$ 823,320</u>	<u>\$ 926,914</u>	<u>\$ 153,178</u>	<u>\$ 15,067</u>	<u>\$ 168,245</u>
27,434	188,430	38,510	-	38,510
40,121	30,405	126,938	30,405	157,343
-	-	2,466	-	2,466
-	-	83	-	83
32,924	-	33,988	-	33,988
175,000	-	597,485	-	597,485
-	-	3,335	-	3,335
3,135	-	3,135	-	3,135
<u>278,614</u>	<u>218,835</u>	<u>805,940</u>	<u>30,405</u>	<u>836,345</u>
600	-	-	-	-
<u>716,026</u>	<u>727,251</u>	<u>10,000</u>	<u>25,000</u>	<u>35,000</u>
<u>716,626</u>	<u>727,251</u>	<u>10,000</u>	<u>25,000</u>	<u>35,000</u>
521,263	397,939	386,263	5,452	391,715
128,758	100,310	116,376	3,118	119,494
205,372	146,672	247,778	4,285	252,063
8,937	707	32,541	-	32,541
80,000	-	240,098	-	240,098
46,241	96,241	-	-	-
-	-	107,863	-	107,863
-	-	90,000	-	90,000
<u>990,571</u>	<u>741,869</u>	<u>1,220,919</u>	<u>12,855</u>	<u>1,233,774</u>
<u>\$ 2,809,131</u>	<u>\$ 2,614,869</u>	<u>\$ 2,190,037</u>	<u>\$ 83,327</u>	<u>\$ 2,273,364</u>
				\$ 200
				1,300
				93,341
				1,725,904
				<u>500,000</u>
				2,320,745
				<u>(47,381)</u>
				<u>\$ 2,273,364</u>

CITY OF LEOTI, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

The City of Leoti is a municipal corporation governed by an elected mayor and an elected five-member council. The City has no related municipal entities.

2. Regulatory Basis Fund Types

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services.

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for utility reserve funds and the following special purpose funds:

Technology Equipment Reserve Fund
Fire Equipment Reserve Fund
Equipment Reserve Fund
Capital Improvement Fire Department Fund
Capital Improvement General Fund
Saturday Cinema Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the City by January 20, and the second half is due May 10 and distributed to the City by June 5. The City draws available funds from the County Treasurer's office at designated times throughout the year.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012 the carrying amount of the City's deposits, including certificates of deposit, was \$2,320,745 and the bank balance was \$2,401,405. Of the bank balance, \$500,926 was covered by federal depository insurance, and \$1,900,479 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. PENSION COSTS AND EMPLOYEE BENEFITS

1. Defined Benefit Pension Plan

Plan description. The City of Leoti, Kansas, contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603), at the following website: <http://www.kpers.org/annualreport2012.pdf> or by calling 1-888-275-5737.

C. PENSION COSTS AND EMPLOYEE BENEFITS (CONTINUED)

Funding Policy. K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The City of Leoti employer contributions to KPERS for the years ending December 31, 2012, 2011, and 2010 were \$23,206, \$20,006 and \$17,410, respectively, equal to the regulatory required contributions for each year as set forth by the legislature.

2. Other Employee Benefits

Vacation leave – Vacation leave is earned and credited according to a table in the employee handbook. Time is credited to the employee on a monthly basis, and begins at 40 hours per year for employees with 1 year employment. Employees that have been employed for two to nine years receive 80 hours of vacation. Employees that have been employed from 10 to 14 years receive 120 hours of vacation per year, and employees that have been employed for over 20 years receive 160 hours of vacation. The vacation leave is credited in the month that it is earned, and is allowed to accumulate to 120 hours. No additional vacation may be earned until they are below 120 hours. Vacation is payable upon employee termination.

Sick leave – Full time employees earn 8 hours of sick leave for each month of service. Sick leave is credited on the first payroll of the month. Sick leave may be accumulated up to 360 hours, but unused sick leave is not paid upon resignation or termination.

Section 125 Cafeteria Plan/Health Insurance - The City offers a Section 125 cafeteria plan for all employees electing to participate. Participants use this for health insurance premiums, unreimbursed medical and dependent care expense. Annually in January, each employee determines the amount of contribution to the plan for these expenses. The plan is administered by AFLAC.

Section 457 Deferred Compensation Plan - The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan.

3. Other Post Employment Benefits.

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement. This year the City had no retirees participating in the health insurance.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

D. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2012, were as follows:

Issue	Balance beginning of year	Additions	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
Fire truck issued November 25, 2002 in the amount of \$119,500 at interest rates of 4.625% maturing November 27, 2012	\$ 14,519	\$ -	\$ 14,519	\$ -	\$ 672
Water improvement issued April 4, 2005 in the amount of \$873,400 at interest rates of 4.25% maturing April 7, 2044	823,748	-	61,232	762,516	35,009
	838,267	-	75,751	762,516	35,681
KDHE Loan Issued March 11, 2011 In the amount of \$592,149 At interest rate of 3.06% Maturing March 1, 2032	172,123	716,026	296,000	592,149	-
Total long-term debt	<u>\$1,010,390</u>	<u>\$ 716,026</u>	<u>\$ 371,751</u>	<u>\$1,354,665</u>	<u>\$ 35,681</u>

The loan agreement with the Kansas Department of Health and Environment provided that \$296,000 of principal is forgiven.

Current maturities of long-term debt and interest for the next five years and every five years thereafter through maturity are as follows:

	Principal due	Interest due	Total due
Water improvement bond:			
2013	\$ 11,709	\$ 34,532	\$ 46,241
2014	12,206	34,034	46,240
2015	12,725	33,516	46,241
2016	13,266	32,975	46,241
2017	13,830	31,871	45,701
2018-2022	78,483	152,722	231,205
2023-2027	96,638	134,566	231,204
2028-2032	118,995	112,210	231,205
2033-2037	146,526	84,678	231,204
2038-2042	180,423	50,782	231,205
2043-2044	77,715	9,121	86,836
Total	<u>\$ 762,516</u>	<u>\$ 711,007</u>	<u>\$ 1,473,523</u>

KDHE Loan:

2013	\$ 20,187	\$ 14,696	\$ 34,883
2014	22,590	17,331	39,921
2015	23,287	16,634	39,921
2016	24,005	15,916	39,921
2017	24,745	15,176	39,921
2018-2022	135,652	63,952	199,604
2023-2027	157,896	41,709	199,605
2028-2032	183,787	15,818	199,605
	<u>\$ 592,149</u>	<u>\$ 201,232</u>	<u>\$ 793,381</u>

E. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Equipment Reserve	K.S.A. 19-119	\$ 175,000
General	Fire Equipment Reserve	K.S.A. 19-119	17,899
Water Operating	Water Reserve	K.S.A. 12-825d	80,000
Water Operating	Water Bond and Interest	K.S.A. 10-1204	<u>46,241</u>
			<u>\$ 319,140</u>

F. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the City at December 31, 2012.

G. PUBLIC ENTITY RISK POOLS

The City is a member of the Kansas Municipal Insurance Trust (KMIT), a group funded pool for workers compensation coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-1216, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member cities through the League of Kansas Municipalities. The City pays an annual contribution to the Kansas Municipal Insurance Trust as determined by the twelve member Board of Trustees based upon experience modification factors, payroll audits and any other bases the Board considers appropriate. It is not possible to estimate the maximum contributions which could be required. KMIT covers claims up to \$500,000 each and aggregate excess reinsurance provides aggregate coverage up to \$3,000,000. Except for required contributions, no member can be held responsible for any claims made against any other member.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 18, 2013, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent event be disclosed:

The City of Leoti is proposing the construction and operation of a nitrate removal plant for treatment of the City's drinking water supply. The preliminary estimated cost of the project is approximately \$3,072,000. Debt repayment and additional operating costs will be financed by increases in water utility rates.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LEOTI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

Year ended December 31, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 1,102,291	\$ -	\$ 1,102,291	\$ 926,914	\$ 175,377
Special purpose funds:					
Ambulance and fire equipment	200,000	-	200,000	188,430	11,570
Special highway	150,000	-	150,000	30,405	119,595
Special parks and recreation	- 2,466	-	2,466	-	2,466
Business funds:					
Water operating	398,241	-	398,241	397,939	302
Sanitation operating	166,000	-	166,000	100,310	65,690
Sewer operating	251,000	-	251,000	146,672	104,328
Storm water operating	29,500	-	29,500	707	28,793
Total	<u>\$ 2,299,498</u>	<u>\$ -</u>	<u>\$ 2,299,498</u>	<u>\$ 1,791,377</u>	<u>\$ 508,121</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

	Year ended December 31,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 376,648	\$ 374,236	\$ 368,694	\$ 5,542
Delinquent tax	17,356	7,557	3,851	3,706
Motor vehicle tax	77,606	93,525	86,284	7,241
Recreation vehicle tax	758	550	789	(239)
16/20M vehicle tax	2,687	2,903	2,887	16
Shared revenue:				
Local alcoholic liquor	690	515	-	515
Local sales tax	106,565	126,149	90,000	36,149
Compensating use tax	29,352	34,669	15,000	19,669
Licenses, fees, fines and permits:				
Franchise fees	126,543	118,944	120,000	(1,056)
Fines and penalties	840	878	2,000	(1,122)
Other licenses, fees, and permits	2,241	4,457	2,500	1,957
Interest:				
Interest on idle funds	8,071	4,454	7,500	(3,046)
Other:				
County fire contract	10,000	37,500	27,500	10,000
Miscellaneous	11,695	16,983	7,000	9,983
Total cash receipts	<u>771,052</u>	<u>823,320</u>	<u>\$ 734,005</u>	<u>\$ 89,315</u>
Expenditures:				
General government				
Personal services	146,117	176,782	\$ 214,000	\$ 37,218
Contractual services	91,848	81,961	125,000	43,039
Commodities	36,080	53,089	30,000	(23,089)
Capital outlay	9,315	16,833	20,000	3,167
Total general government	<u>283,360</u>	<u>328,665</u>	<u>389,000</u>	<u>60,335</u>
Appropriations				
Airport	1,400	1,400	1,400	-
Cemetery	1,400	1,400	1,400	-
WCED	32,500	30,000	30,000	-
Golf course	17,496	17,500	17,500	-
Total appropriations	<u>52,796</u>	<u>50,300</u>	<u>50,300</u>	<u>-</u>
Public safety				
Law enforcement agreement	94,250	87,000	87,000	-

CITY OF LEOTI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Expenditures (continued):				
Public safety (continued)				
Fire department				
Personal services	\$ 7,789	\$ 7,783	\$ 8,500	\$ 717
Contractual services	28,777	33,801	35,000	1,199
Commodities	34,525	42,517	38,500	(4,017)
Capital outlay	9,800	-	20,000	20,000
Debt service:				
Principal	13,882	14,519	14,519	-
Interest	1,314	672	672	-
Total fire department	96,087	99,292	117,191	17,899
Total public safety	190,337	186,292	204,191	17,899
Public works				
Personal services	45,808	57,044	62,000	4,956
Contractual services	57,421	46,673	140,000	93,327
Commodities	36,903	15,121	35,000	19,879
Capital outlay	-	2,899	-	(2,899)
Total public works	140,132	121,737	237,000	115,263
Culture and recreation - parks				
Personal services	16,250	15,000	15,000	-
Contractual services	-	-	1,000	1,000
Total culture and recreation - parks	16,250	15,000	16,000	1,000
Municipal court				
Personal services	9,412	9,405	10,300	895
Contractual services	23,431	22,464	20,000	(2,464)
Commodities	122	152	500	348
Total municipal court	32,965	32,021	30,800	(1,221)
Transfer to fire equipment reserve	-	17,899	-	(17,899)
Transfer to equipment reserve	315,000	175,000	175,000	-
	315,000	192,899	175,000	(17,899)
Total expenditures	1,030,840	926,914	\$ 1,102,291	\$ 175,377
Receipts over (under) expenditures	(259,788)	(103,594)		
Unencumbered cash, beginning of year	516,560	256,772	\$ 368,286	\$ (111,514)
Unencumbered cash, end of year	\$ 256,772	\$ 153,178	\$ -	\$ 153,178

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

AMBULANCE AND FIRE EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
	2012			
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 20,026	\$ 21,768	\$ 21,446	\$ 322
Delinquent tax	962	417	205	212
Motor vehicle tax	4,460	5,053	4,591	462
Recreation vehicle tax	44	29	42	(13)
16/20M vehicle tax	155	167	154	13
Total cash receipts	25,647	27,434	\$ 26,438	\$ 996
Expenditures:				
General government:				
Capital outlay	-	188,430	\$ 200,000	\$ 11,570
Receipts over (under) expenditures	25,647	(160,996)		
Unencumbered cash, beginning of year	173,859	199,506	\$ 173,562	\$ 25,944
Unencumbered cash, end of year	\$ 199,506	\$ 38,510	\$ -	\$ 38,510

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CITY OF LEOTI, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Shared revenue	\$ 37,180	\$ 40,121	\$ 36,800	\$ 3,321
Expenditures:				
Highways and streets:				
Contractual services	-	30,405	\$ 75,000	\$ 44,595
Commodities	-	-	75,000	75,000
Total expenditures	-	30,405	\$ 150,000	\$ 119,595
Receipts over (under) expenditures	37,180	9,716		
Unencumbered cash, beginning of year	80,042	117,222	\$ 115,522	\$ 1,700
Unencumbered cash, end of year	\$ 117,222	\$ 126,938	\$ 2,322	\$ 124,616

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CITY OF LEOTI, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Shared revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Culture and recreation:				
Contractual services	-	-	\$ 2,466	\$ 2,466
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	2,466	2,466	\$ 2,466	\$ -
Unencumbered cash, end of year	\$ 2,466	\$ 2,466	\$ -	\$ 2,466

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CITY OF LEOTI, KANSAS

ALL NON-BUDGETED SPECIAL PURPOSE FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS

Year ended December 31, 2012

	Technology equipment reserve	Fire equipment reserve	Equipment reserve	Capital improvement fire department	Saturday cinema	Total
Cash receipts:						
Miscellaneous	\$ -	\$ 15,025	\$ -	\$ -	\$ 3,135	\$ 18,160
Transfer from:						
General	-	17,899	175,000	-	-	192,899
Total cash receipts	-	32,924	175,000	-	3,135	211,059
Expenditures:						
Capital outlay	-	-	-	-	-	-
Receipts over (under) expenditures	-	32,924	175,000	-	3,135	211,059
Unencumbered cash, beginning of year	83	1,064	422,485	3,335	-	426,967
Unencumbered cash, end of year	<u>\$ 83</u>	<u>\$ 33,988</u>	<u>\$ 597,485</u>	<u>\$ 3,335</u>	<u>\$ 3,135</u>	<u>\$ 638,026</u>

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CITY OF LEOTI, KANSAS

ALL NON-BUDGETED CAPITAL PROJECT FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS

Year ended December 31, 2012

	KLINK project KA084801 Hwy 25	Capital improvement general	Total
Cash receipts:			
Grant income	\$ 600	\$ -	\$ 600
KDHE loan proceeds	-	716,026	
Total cash receipts	600	716,026	716,626
Expenditures:			
Capital outlay	-	727,251	727,251
Receipts over (under) expenditures	600	(11,225)	(10,625)
Unencumbered cash, beginning of year	(600)	21,225	20,625
Unencumbered cash, end of year	\$ -	\$ 10,000	\$ 10,000

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CITY OF LEOTI, KANSAS

WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
	2012			
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Charges for service	\$ 440,765	\$ 494,492	\$ 350,000	\$ 144,492
Penalties	5,960	4,765	3,600	1,165
Coin box sales and connection fees	7,150	8,419	5,800	2,619
Miscellaneous	6,310	13,587	-	13,587
Total cash receipts	460,185	521,263	\$ 359,400	\$ 161,863
Expenditures:				
Distribution:				
Personal services	110,758	107,503	\$ 84,000	\$ (23,503)
Contractual services	94,865	115,145	90,000	(25,145)
Commodities	43,350	47,217	30,000	(17,217)
Capital outlay	18,986	1,833	64,000	62,167
Transfer to water reserve	12,000	80,000	84,000	4,000
Transfer to water bond and interest	96,241	46,241	46,241	-
Total expenditures	376,200	397,939	\$ 398,241	\$ 302
Receipts over (under) expenditures	83,985	123,324		
Unencumbered cash, beginning of year	178,954	262,939	\$ 160,113	\$ 102,826
Unencumbered cash, end of year	\$ 262,939	\$ 386,263	\$ 121,272	\$ 264,991

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CITY OF LEOTI, KANSAS

SANITATION OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
	2012			
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Sanitation collection fees	\$ 113,100	\$ 113,415	\$ 112,000	\$ 1,415
Yard waste collection fees	9,016	9,278	9,000	278
Penalties	1,678	1,415	1,500	(85)
Containers sold	5,317	4,390	1,000	3,390
Miscellaneous	20	260	-	260
Total cash receipts	129,131	128,758	\$ 123,500	\$ 5,258
Expenditures:				
Personal services	56,492	43,371	\$ 91,000	\$ 47,629
Contractual services	28,085	24,144	30,000	5,856
Commodities	27,189	32,795	30,000	(2,795)
Capital outlay	367	-	-	-
Transfer to sanitation reserve	-	-	15,000	15,000
Total expenditures	112,133	100,310	\$ 166,000	\$ 65,690
Receipts over (under) expenditures	16,998	28,448		
Unencumbered cash, beginning of year	70,930	87,928	\$ 43,430	\$ 44,498
Unencumbered cash, end of year	\$ 87,928	\$ 116,376	\$ 930	\$ 115,446

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CITY OF LEOTI, KANSAS

SEWER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
	2012			
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Sewer fees	\$ 175,209	\$ 180,490	\$ 160,000	\$ 20,490
Penalties	2,809	1,944	1,600	344
Miscellaneous	-	22,938	-	22,938
Total cash receipts	178,018	205,372	\$ 161,600	\$ 43,772
Expenditures:				
Personal services	63,616	61,442	\$ 78,000	\$ 16,558
Contractual services	29,918	37,071	30,000	(7,071)
Commodities	18,571	38,069	18,000	(20,069)
Capital outlay	12,322	1,833	125,000	123,167
Interest	-	7,582	-	(7,582)
Service fee	-	675	-	(675)
Total expenditures	124,427	146,672	\$ 251,000	\$ 104,328
Receipts over (under) expenditures	53,591	58,700		
Unencumbered cash, beginning of year	135,487	189,078	\$ 98,087	\$ 90,991
Unencumbered cash, end of year	\$ 189,078	\$ 247,778	\$ 8,687	\$ 239,091

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CITY OF LEOTI, KANSAS

STORM WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			
	2012			
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Storm water fees	\$ 8,807	\$ 8,828	\$ 8,800	\$ 28
Penalties	130	109	140	(31)
Total cash receipts	8,937	8,937	\$ 8,940	\$ (3)
Expenditures:				
Contractual services	1,151	707	\$ 500	\$ (207)
Commodities	-	-	4,000	4,000
Capital outlay	-	-	25,000	25,000
Total expenditures	1,151	707	\$ 29,500	\$ 28,793
Receipts over (under) expenditures	7,786	8,230		
Unencumbered cash, beginning of year	16,525	24,311	\$ 24,965	\$ (654)
Unencumbered cash, end of year	\$ 24,311	\$ 32,541	\$ 4,405	\$ 28,136

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CITY OF LEOTI, KANSAS

ALL NON-BUDGETED BUSINESS FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS

Year ended December 31, 2012

	<u>Water reserve</u>	<u>Water bond and interest</u>	<u>Sanitation reserve</u>	<u>Sewer reserve</u>	<u>Total</u>
Cash receipts:					
Transfer from:					
Water operating	<u>\$ 80,000</u>	<u>\$ 46,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,241</u>
Expenditures:					
Debt service:					
Principal	-	61,232	-	-	61,232
Interest	<u>-</u>	<u>35,009</u>	<u>-</u>	<u>-</u>	<u>35,009</u>
Total expenditures	<u>-</u>	<u>96,241</u>	<u>-</u>	<u>-</u>	<u>96,241</u>
Receipts over (under) expenditures	80,000	(50,000)	-	-	30,000
Unencumbered cash, beginning of year	<u>160,098</u>	<u>50,000</u>	<u>107,863</u>	<u>90,000</u>	<u>407,961</u>
Unencumbered cash, end of year	<u>\$ 240,098</u>	<u>\$ -</u>	<u>\$ 107,863</u>	<u>\$ 90,000</u>	<u>\$ 437,961</u>

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CITY OF LEOTI, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

Year ended December 31, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Agency funds:				
Landfill	\$ 4,212	\$ 66,298	\$ 64,896	\$ 5,614
Municipal court	<u>24,526</u>	<u>18,662</u>	<u>1,421</u>	<u>41,767</u>
Total agency funds	<u>\$ 28,738</u>	<u>\$ 84,960</u>	<u>\$ 66,317</u>	<u>\$ 47,381</u>

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